



## MEDI-CAL PROGRAM HIGHLIGHTS CALENDAR YEAR 1999

MEDI-CAL REPORT PUBLISHED: FEBRUARY 2001  
Internet Homepage - <http://www.dhs.ca.gov/mcss>

### THE MEDI-CAL PROGRAM

#### A BRIEF SUMMARY OF MAJOR EVENTS

##### INTRODUCTION

The California Medical Assistance Program (Medi-Cal) was established pursuant to Chapter 4, Statutes of 1965, by the Second Extraordinary Session of the California Legislature. The program was enacted to take advantage of federal funds made available by the 1965 Title XIX amendments to the Social Security Act. The stated purpose was to provide "basic and extended health care and related remedial or preventive services to recipients of public assistance and to medically needy aged and other persons, including such related social services as are necessary".

A further intent of the program was that the medical care should be mainstream. Mainstream was defined as comparable to care purchased out of pocket or through private insurance. Prior to Medi-Cal, many public assistance and medically needy persons were forced to rely on charitable institutions, especially county hospitals. These hospitals were generally prohibited by law from accepting paying patients.

The new program also required certain basic services be made available to all beneficiaries. Under the medical programs replaced by Medi-Cal, it was possible to deny medical services to adults in aid to needy children cases, but provide them to other adult beneficiaries.

The new federal law required the State to work towards general improvement in the amount and quality of medical care provided to beneficiaries, improvements in medical social services, and improvements in the organization and delivery of medical care to eligible beneficiaries.

This report is the latest in a report series that tracks key events in the evolution of the Medi-Cal Program. This annual update covers events that affected Medi-Cal in Calendar Year 1999 only. Copies of prior years reports are available upon request.

Please direct inquiries related to data in this report to Mary Cline at (916) 657-2794.

---

Grantland Johnson  
Secretary  
California Health and Human  
Services Agency

Gray Davis  
Governor  
State of California

Diana M. Bontá, R.N., Dr. P.H.  
Director  
Department of Health Services

## **HIGHLIGHTS OF 1999 PROGRAM CHANGES**

The following discusses the major changes in Medi-Cal and related programs during Calendar Year 1999.

### Early Discharge Follow-up Visit OB, January 1999

Assembly Bill 1397, Statutes of 1998, required Medi-Cal to allow at least 48 hours of inpatient care after a normal vaginal delivery and 96 hours of inpatient care after a Caesarean section. The bill also provided an early discharge follow-up visit to the mother and newborn within 48 hours of discharge without having to receive prior authorization if the mother opts to not take the added inpatient days.

### Drug & Alcohol EPSDT Supplemental Services, March 1999

Case management services and supplemental counseling sessions were added as benefits for children under 21 years of age who are being treated for alcohol or drug abuse. These services were added to meet the federal Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program requirements set forth in the Omnibus Budget Reconciliation Act (OBRA) of 1989. Providers of these supplemental services will be limited to providers who are certified under the current Drug/Medi-Cal program to treat children under 21 years of age.

### Healthy Families/Medi-Cal for Children Short Application Form, April 1999

Governor Gray Davis released a revised joint Healthy Families Program and Medi-Cal program application that is easier to use and has assisted greatly in increasing enrollments in both of the programs.

### Elimination of Face to Face Interview, April 1999

Medi-Cal beneficiaries no longer have to go to the county welfare department at the time of their annual redetermination of eligibility. The forms can now be sent in through the mail and a face to face interview is no longer required.

### Reconstructive Surgery, July 1999

Assembly Bill 1621 expanded the reconstructive surgery benefit in the Medi-Cal program by adding the justification "to create a normal appearance". Previously, reconstructive surgery was only provided to improve function. Reconstructive surgery is now defined as surgery performed on abnormal structures of the body caused by congenital defects, developmental abnormalities, trauma, infection, tumors, or disease, to do either of the following: 1) to improve function or 2) to create a normal appearance, to the extent possible.

### Section 1931(b) Determinations

Based on the requirements of the Personal Responsibility and Work Opportunity and Reconciliation Act (PRWORA) of 1997, families applying for Medi-Cal must first have their eligibility determined under Social Security Act Section 1931 (b) requirements. Due to the need to provide adequate information and training regarding Section 1931(b) and to ensure that all persons discontinued from the public assistance program, California Work Opportunity and Responsibility to Kids (CalWORKs), have their ongoing eligibility determined accurately, persons discontinued from CalWORKs were held in aid code 38. Beginning in 1999, former CalWORKs recipients were transferred into the Section 1931(b) Program.

### Anti-Fraud Initiative

The Department implemented the following anti-fraud measures:

The Medi-Cal Fraud Prevention Bureau - authorized by Senate Bill 708 and operational on October 1, 1999. Its purpose was to conduct onsite fraud-risk assessment surveys of Medi-Cal providers; those determined to be at high risk for committing fraud received an immediate follow-up review. If actual evidence of fraud was found, administrative sanctions were applied and/or a referral made for a criminal investigation.

Tightened Provider Enrollment Process - Assembly Bill 1107 allowed for all new providers in high fraud-risk categories to go through background checks and onsite review prior to their enrollment.

Increased Drop-In Activities - in September 1999 a new audit procedure was initiated to review providers with suspicious billing activity before they received their next Medi-Cal payment. If the review determined that they did not have actual business operations and/or were not providing the services billed, the next payment and all subsequent payments were withheld. Some were also temporarily suspended from the Medi-Cal program, pending the outcome of the criminal investigation.

### New County Organized Health System (COHS), Monterey County, October 1999

The Central Coast Alliance for Health (CCAFH) formerly called Santa Cruz County Health Options, is a Medi-Cal County Organized Health System administered by the Santa Cruz-Monterey Managed Medical Care Commissions. The program provides health care on a managed care basis. Monterey County joined Santa Cruz in October 1999, when CCAFH adopted its current name.

Family Planning, Access, Care, and Treatment Initiative (Family PACT Waiver Program), December 1999

Family planning services were expanded under the new Family PACT Waiver Program to provide contraceptive services to more persons in need of such services who have incomes under 200% of the federal poverty level. Effective December 1, 1999, the federal government approved the Family PACT Waiver proposal as a Medicaid Section 1115 demonstration project. Family planning services costs are reimbursable by the federal government at a 90% federal financial participation rate.

Beverly v. Belshe Recoupment, September 1999

The Department recouped a net estimated amount of \$108,360,000 in fiscal year 1999-2000 as a result of the resolution of issues raised in Beverly v. Belshe, i.e. the appropriate Medi-Cal payment methodology for inpatient Medicare crossover claims. This methodology was applied to claims retroactive to May 1994. The recoupment is for claims between May 1994 and June 1998.

Medi-Cal Payment Rate Increases

Anesthesia, Surgery, and Radiology Increases

Medi-Cal increased its rates of payment for anesthesia, surgery, and radiology by 10.5%. This action was taken to restore funding for these services to their pre-1992 levels. (In 1992, Senate Bill 485 reduced rates for these services by 9.5%.)

Cardiac Catheterization Rate Increase

Medi-Cal raised the rates of payment for cardiac catheterization to comply with current regulations.

California Children Services Provider Rate Increase

A 5% rate increase was granted for physician services provided to Medi-Cal children who are also eligible for California Children Services.

Increased Rates for Multiple Surgeries

Most third-party payers have special rules for computing payment for multiple surgical procedures performed on the same patient by the same surgeon during a single operative session. Medicare and most other third-party payers allow 100% of the rate for the first or primary surgical procedure and 50% for each subsequent procedure.

## HIGHLIGHTS OF 1999 PROGRAM CHANGES (Continued)

Page 4

Medi-Cal brought its payment methodology for multiple surgical procedures in line with Medicare and most other third-party payers.

### Ambulance Rate Increase, August 1999

The Budget Act of 1999 contained an increase to ambulance rates of payment for the Medi-Cal program.

### OB Anesthesia Rate Increase, August 1999

The Budget Act of 1999 required that beginning August 1, 1999, Medi-Cal payment for Obstetrical Anesthesia be increased by 21.8%.

### Optometry Rate Increase, August 1999

The Budget Act of 1999 contains an increase for Optometry Services under Medi-Cal.

### In-Home Nursing Waiver-Adult Increase, July 1999

Legislative action required the Department, beginning July 1, 1999 to increase the In-Home Nursing Service rates of payment for the waiver programs (adults). These services are provided by in-home nursing providers.

## NOTES

The program, OBRA Aliens, has been renamed to MI/MN Not Qualified Aliens.

For additional information about managed care, please refer to our new report entitled "2000 Managed Care Annual Statistical Report", available on the internet. The internet Home Page for Medical Care Statistics is <http://www.dhs.ca.gov/mcss> .